

**House File 673 - Reprinted**

HOUSE FILE 673

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 214)

(As Amended and Passed by the House April 18, 2011)

**A BILL FOR**

1 An Act relating to the assessment of telecommunications company  
2 property for purposes of property taxation, and including  
3 effective date and applicability provisions.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 427A.1, subsection 1, paragraph h, Code  
2 2011, is amended by striking the paragraph and inserting in  
3 lieu thereof the following:

4 h. Property assessed by the department of revenue pursuant  
5 to any of the following:

6 (1) Sections 428.24 to 428.29.

7 (2) Chapter 433 if such property is owned by a qualifying  
8 local exchange carrier, as defined in section 433.16.

9 (3) Chapter 433 if such property is not owned by a  
10 qualifying local exchange carrier, as defined in section  
11 433.16, and was first assessed for taxation in this state  
12 before January 1, 1996.

13 (4) Chapter 434.

14 (5) Chapter 437.

15 (6) Chapter 437A.

16 (7) Chapter 438.

17 Sec. 2. Section 433.4, Code 2011, is amended to read as  
18 follows:

19 **433.4 Assessment.**

20 1. The Except as otherwise provided in section 433.16,  
21 the director of revenue shall on or before October 31 each  
22 year, proceed to find the actual value of the property of  
23 these companies in this state that are not qualifying local  
24 exchange carriers as defined in section 433.16, taking into  
25 consideration the information obtained from the statements  
26 required, and any further information the director can obtain,  
27 using the same as a means for determining the actual cash value  
28 of the property of these companies within this state.

29 2. The For company property that was first assessed for  
30 taxation in this state before January 1, 1996, the director  
31 shall also take into consideration the information described  
32 in subsection 1 and the valuation of all property of these  
33 companies, including franchises and the use of the property  
34 in connection with lines outside the state, and making these  
35 deductions as may be necessary on account of extra value

1 of property outside the state as compared with the value  
 2 of property in the state, in order that the actual ~~cash~~  
 3 value of the property of the company within this state may  
 4 be ascertained. The assessment shall include all property  
 5 of every kind and character whatsoever, real, personal, or  
 6 mixed, used by the companies in the transaction of telegraph  
 7 and telephone business; and the property so included in the  
 8 assessment shall not be taxed in any other manner than as  
 9 provided in this chapter.

10 3. For company property that was first assessed for taxation  
 11 in this state on or after January 1, 1996, and not otherwise  
 12 assessed under section 476.1D, subsection 10, the director  
 13 shall determine the value of such property within this state  
 14 as follows:

15 a. For the assessment years beginning on or after January 1,  
 16 2012, but before January 1, 2018, the value of such property  
 17 for each company shall equal the sum of the value of the  
 18 property assessed in the manner as all other property assessed  
 19 as commercial property pursuant to chapters 427, 427A, 427B,  
 20 428, and 441, and the telecommunications company adjustment for  
 21 the applicable assessment year.

22 b. Each company's base value shall be the total assessed  
 23 value of such company property assessed pursuant to section  
 24 433.4, Code 2011, for the assessment year beginning January 1,  
 25 2011. However, if the company adds or disposes of an amount of  
 26 such property exceeding ten percent of the company's assessed  
 27 value of such property for the assessment year beginning  
 28 January 1, 2011, or ten percent of the base value most recently  
 29 adjusted under this paragraph, the company's base value shall  
 30 be adjusted to reflect those additions or dispositions.

31 c. The telecommunications company adjustment shall be  
 32 determined as follows:

33 (1) For the assessment year beginning January 1, 2012, the  
 34 telecommunications company adjustment shall equal eighty-five  
 35 percent of the difference between the company's base value and

1 the assessed value of such company property when assessed in  
2 the same manner as all other property assessed as commercial  
3 property under chapters 427, 427A, 427B, 428, and 441.

4 (2) For the assessment year beginning January 1, 2013,  
5 the telecommunications company adjustment shall equal seventy  
6 percent of the difference between the company's base value and  
7 the assessed value of such company property when assessed in  
8 the same manner as all other property assessed as commercial  
9 property under chapters 427, 427A, 427B, 428, and 441.

10 (3) For the assessment year beginning January 1, 2014, the  
11 telecommunications company adjustment shall equal fifty-five  
12 percent of the difference between the company's base value and  
13 the assessed value of such company property when assessed in  
14 the same manner as all other property assessed as commercial  
15 property under chapters 427, 427A, 427B, 428, and 441.

16 (4) For the assessment year beginning January 1, 2015,  
17 the telecommunications company adjustment shall equal forty  
18 percent of the difference between the company's base value and  
19 the assessed value of such company property when assessed in  
20 the same manner as all other property assessed as commercial  
21 property under chapters 427, 427A, 427B, 428, and 441.

22 (5) For the assessment year beginning January 1, 2016, the  
23 telecommunications company adjustment shall equal twenty-five  
24 percent of the difference between the company's base value and  
25 the assessed value of such company property when assessed in  
26 the same manner as all other property assessed as commercial  
27 property under chapters 427, 427A, 427B, 428, and 441.

28 (6) For the assessment year beginning January 1, 2017,  
29 the telecommunications company adjustment shall equal ten  
30 percent of the difference between the company's base value and  
31 the assessed value of such company property when assessed in  
32 the same manner as all other property assessed as commercial  
33 property under chapters 427, 427A, 427B, 428, and 441.

34 d. For the assessment year beginning January 1, 2018,  
35 and each assessment year thereafter, such property shall be

1 assessed by the director of revenue in the same manner as all  
2 other property assessed as commercial property by the local  
3 assessor under chapters 427, 427A, 427B, 428, and 441.

4     Sec. 3. NEW SECTION.   **433.16 Qualifying local exchange**  
5 **carriers — assessment.**

6     For assessment years beginning on or after January 1, 2012,  
7 the property of qualifying local exchange carriers shall  
8 be assessed for taxation by the director of revenue under  
9 the provisions of section 433.4, Code 2011. For purposes  
10 of this section, "*qualifying local exchange carrier*" means a  
11 telecommunications company that provides local exchange service  
12 and has less than fifty thousand customer access lines located  
13 in this state.

14     Sec. 4. Section 476.1D, subsection 10, unnumbered paragraph  
15 2, Code 2011, is amended by striking the unnumbered paragraph.

16     Sec. 5. EFFECTIVE DATE.

17     1. Except as provided in subsection 2, this Act takes effect  
18 July, 1, 2011.

19     2. The section of this Act amending section 476.1D takes  
20 effect July 1, 2017.

21     Sec. 6. APPLICABILITY.

22     1. Except as provided in subsection 2, this Act applies to  
23 assessment years beginning on or after January 1, 2012.

24     2. The section of this Act amending section 476.1D applies  
25 to assessment years beginning on or after January 1, 2018.